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Original Research Article

The Cultural Center of the World: Art, Finance, and Globalization in Late Twentieth-Century New York

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Abstract
This article explores why New York City's municipal government, together with private benefactors, poured an unprecedented amount of money into the arts during the 1980s, a time of broader austerity. While other public expenditures saw dramatic cuts, the arts were considered essential to the city's future as a center for global capital—as a way to lure financial elites and young professionals to the city, create new forms of revenue-raising consumption, and cement New York's reputation as the ultimate global city. New York had always had a vital arts scene. But in the 1980s, the arts were monetized in new ways to serve capital—and capitalists. Arts and culture were central to the new urban lifestyle that helped produce the explosion of global finance. But as arts and culture increasingly came to be associated with a luxury lifestyle, the arts themselves became a luxury, inaccessible to most New Yorkers.

Keywords
New York City history, cultural history, globalization

The New York International Festival of the Arts (NYIFA) opened in June 1988 with a weekend of lavish galas, where the city's elites mingled with artistic luminaries to celebrate the inauguration of a month of cultural activities billed as "perhaps the most ambitious undertaking of its kind yet attempted anywhere."[1] Invite lists included New York's major socialites, philanthropists, media magnates, and politicians: William Randolph Hearst Jr., Norman Mailer, Donald and Ivana Trump, Harry and Leona Helmsley, Arthur Sulzberger, and the governor, mayor, and New York's congressional delegation. Attendees enjoyed a series of blue-ribbon performances—including a ballet directed by Mikhail Baryshnikov and a concert featuring Izhtak Perlman—each followed by a black tie dinner of haute cuisine: pinces de crabe et crevettes, figs with prosciutto mousse, and other continental fare.[2] At the opening reception, such extravagance was briefly tempered by remarks of United Nations Secretary General Javier Perez de Cuellar, who assured party-goers that he was there to "certify the truly international character of the festival."[3]

The festival had been more than a decade in the making. Conceived during the 1970s as a way to make "a lasting impression on the corporate community of the vitality and attractiveness of New York," it was part of a broader reconceptualization of the role of arts and culture in New York's economy.[4] Beginning in the late 1970s and throughout the 1980s, the municipal

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government, in partnership with private-sector actors, invested more heavily in the arts than ever before. This coincided with an austerity regime instituted after New York's 1975 fiscal crisis. That municipal arts funding expanded during a time of budgetary belt-tightening may seem incongruous. Yet this increase occurred not in *spite* of the fiscal crisis but in direct response to it. Officials and arts boosters believed that strengthening arts and culture would help rescue the city's economy by reviving its global reputation as an appealing place to live and work. This represented a larger transformation in priorities in the neoliberal city that emerged from the fiscal crisis—from an emphasis on service provision for ordinary New Yorkers and toward an outward-looking mission to lure business, residents, and capital. The fiscal crisis, as Kim Phillips-Fein and others have demonstrated, was the origin point of a series of policies favoring elite New Yorkers, eventually helping to make New York City one of the most unequal places in the United States.[5]

Other cities in the "urban crisis" era engaged in economic revitalization campaigns based on the creation of "cultural districts" or new cultural institutions.[6] But New York is nevertheless notable, most obviously because there was no need to manufacture urban arts and culture.[7] In general, New York's cultural promotion strategy from the 1970s onward aimed to leverage its extensive cultural infrastructure and redirect resources toward new ends. Analyzing this development helps elucidate the broader shift from federally funded urban renewal to the more nimble, local, and business-oriented initiatives that characterize so much of urban policy today.[8] This transition to "entrepreneurial" urban governance did not necessarily originate in New York.[9] But it was an early adherent to the entrepreneurial approach and served as a model in the United States and beyond.

Social scientists have studied many of these phenomena in depth. But they often frame the seemingly eclectic nature of recent urban policy, and its reliance on public–private partnerships, as an abandonment of long-term planning in favor of "short-term-oriented economic gain."[10] At the same time, the literature on entrepreneurial cities often over-emphasizes privatization. Attention to historical archives, however, reveals that New York's municipal government after 1975 did not disavow planning, long-term thinking, or its own role in shaping and executing policy.[11] Rather, an expansionary city government refashioned what planning and public services should look like and whose future they should serve.[12] There is also a tendency to frame this transformation as the inevitable result of the global crisis of capitalism of the 1970s.[13] While municipal officials in the United States and urban elites were certainly responding to that crisis, and working within its constraints, the nature of their response reflected historically distinct conditions and contingencies of their particular cities.

New York's established arts and culture scene, with its global reach, was one such particularity, as was its exceptionally heavy reliance on local taxes.[14] To those seeking to market New York to employers and new residents, the arts were perhaps the city's greatest asset, if only they could be fully exploited as an "industry." Within this arts-as-an-industry approach, "the arts" or "arts and culture" were understood to encompass fine arts, performing arts, and New York's museums—taken together, they allowed New York to claim the mantle of "the undisputed cultural center of the world," according to the city's arts boosters. This strategy was linked to a sustained campaign to overhaul New York's image after decades of abuse in popular discourse.[15] "Rebranding" New York, as Miriam Greenberg argues, often took precedence over public service provision. But reputational rehabilitation was never just about hollow image-making. It also resulted in a significant financial commitment, from both public and private sources, to creating new forms of urban cultural consumption for the city's growing white-collar workforce. Here the material and cultural effects were entangled. As Joyce Appleby reminds us, "capitalism is as much a cultural as an economic system."[16] While other industries claimed a larger share of New York's economic base during the 1970s and 1980s, the transformation of the arts and culture sector was central to the postindustrial reorganization of the city's economy.

This is not a story about the rise of a "creative class" that fueled urban growth, however.[17] For one, New York had a large community of artists and other "creatives" that preceded the developments I analyze; indeed, this community grew dramatically during the city's economic decline, while rising rents forced many artists to leave during New York's uneven recovery in the 1980s.[18] Artists themselves did not transform the city's economy in the late twentieth century, and my analysis deliberately decenters artists as agents of historical change during the period under examination. Rather, arts and culture were monetized in new ways to serve capital—and capitalists.

Arts and culture were at the heart of the new urban way of life that accompanied, and helped produce, the explosion of global finance. I use the term "global finance" broadly to refer not only to markets, banks, and transnational capital flows but to the business of finance, related service industries, their workers, and attendant cultural formations. With this definition, New York in the 1980s became, arguably, the world center of global finance.

Financial deregulation was one major reason for the rise of Wall Street in the 1980s. But it cannot fully account for why New York saw a massive influx of both capital and capitalists. By the late twentieth century, with the emergence of new technologies and the expansion of "archipelago capitalism," capital was becoming increasingly untethered from place, and capital flows were not necessarily accompanied by people.[19] For New York to be a functioning city, however, it needed to be more than a place where investors traded securities or parked their money, and where those working in finance lived elsewhere. New York was not like the tax havens of the Cayman Islands or Liechtenstein, with populations in the tens of thousands. City residents outnumbered the entire nation of Switzerland. Despite Roger Starr's call for New York to pursue a policy of "planned shrinkage" that would have effectively reduced the city to its central business district, New York remained America's largest city. And austerity did not mean the end of public service provision. The financial industry was only useful to New York if it brought with it jobs, residents, and income tax revenue. New York's arts and culture scene, meanwhile, constituted perhaps the most significant draw for the young professionals looking not only to make money on Wall Street but to make New York their home. Art and finance expanded in mutually dependent fashion.

Cultural consumption mediated the creation of a new class of wealthy New Yorkers, a development encouraged by efforts of the city's arts boosters to link the growth of finance with that of the arts and culture industry. Wall Street's nouveaux riches used arts patronage, collecting and attending cultural events to assert their worldliness and good taste—and to fortify their business relationships. As one critic put it at the time, the relationship between art and money in New York was "almost like a death grip."[20] This "death grip" became ever-tighter as officials and arts boosters applied a new economic logic to arts and culture: as a commodity unique to New York in its quality, diversity, and scale, whose primary function was to generate consumer spending and lure business and taxpayers to the city.

Given various "quality of life" issues playing into a city's appeal—such as education or transportation—why were the arts at the forefront of New York's efforts to attract new residents? In the context of a rapidly integrating world economy, where both (elite) people and capital enjoyed unprecedented freedom of movement, cities faced new pressures to assert their distinctiveness. Even among "global cities," there existed a division of labor.[21] New York, for instance, was the primary recipient of foreign direct investment, while it was the leading exporter of professional services and financial innovations, such as communications technology and junk bonds.[22] And while New York trailed behind Tokyo and London in some key financial metrics, art helped concretize and distinguish New York's particular function in late twentieth-century globalization, as the city could legitimately claim preeminence as a cultural capital and assert the power to shape the culture of global finance in the process.[23] The eruption of the international art market during the 1980s, based in New York, reveals the links among the financial industry, globalization, and New York arts and culture. As wealth generated in finance poured into art

buying, New York culture became a form of global currency, and was, literally, exported around the world, with foreign art collectors looking to New York as the epicenter of both the production of art and its marketization. New York arts and culture thus became not only a status symbol for individual consumers but a mark of stature for the city as a whole. This was the central conceit animating NYIFA, for instance, and the festival was the culmination of broader efforts to sell the world on the city's cultural cachet.

This hyper-commodification of New York arts and culture in the 1980s was part of the city's larger trickle-down strategy for economic revitalization. It de-emphasized democratic access to the arts for New York's majority working-class residents in favor of an approach catering to elite global consumers. Meanwhile, the apparent vitality of the arts sector was crucial to the narrative of the city's post-fiscal crisis recovery that officials and boosters broadcast to the world. And yet, that "recovery" was profoundly uneven, and deepened social and economic inequality in New York. As arts and culture increasingly came to be associated with a luxury lifestyle, the arts themselves became a luxury commodity, out of reach for most New Yorkers.

New York in the 1980s was awash in art, in discussions about art, and in upwardly mobile residents who were taught to embrace arts and culture as key to their self-image as worldly urbanites. The fortunes made in global finance did not simply flow naturally into art buying or urban cultural consumption. Auction houses, banks, art advisers, arts patrons, City Hall, and the media all helped promote the idea that New York's arts and culture scene was central to the finance way of life—and to the city's global future.

Arts in a Time of Austerity

New York's fiscal crisis in 1975 represented the nadir of decades of economic decline. Manufacturing—for generations New York's leading economic sector—was shrinking, mirroring postwar national trends as factories abandoned their traditional base in the Northeast to the Sun Belt, where unions were weak and wages low, and to locations abroad.[24] This was part of a crisis of capitalism that began in the late 1960s, as automation and the outsourcing of labor overseas fueled domestic deindustrialization, a U.S. trade deficit strained American gold reserves, and inflation rose with Cold War military spending and a series of oil shocks. Richard Nixon responded by instituting domestic wage and price controls and ending Bretton Woods—the U.S.-led system of fixed currency exchange rates in place since the end of World War II—which accelerated transnational capital flows and set the stage for further deregulation under successive presidents.[25]

As domestic and global competition intensified, the health of New York's other major industries was likewise precarious. New York had long been the national center for corporate headquarters, but now corporations were fleeing to suburbs and Sun Belt cities. At its peak the city hosted the main offices of 140 major firms; by 1976 they had dwindled to 89.[26] Even finance was facing a bleak future in the mid-1970s, due in part to capital flight because of the lure of the Eurodollar market.[27] Eight million square feet of financial district office space sat empty and brokerage houses were shuttering at a rate of more than one per day.[28] Meanwhile, middle-class white families, prompted by cheap, federally backed mortgages and fueled by racism against the city's growing nonwhite population, had also been retreating to the suburbs, further eroding the municipal tax base.[29] During the 1970s, the city lost over 800,000 residents, some 10 percent of its population.[30]

A shrinking tax base—combined with federal disinvestment in cities and a state mandate that municipalities pay an exceptionally high share of the cost of welfare services—led City Hall to borrow heavily from private lenders. In 1975, amid rising fears that the city might default on its loans, banks stopped lending to the city and refused to sell municipal bonds, denying the city the funds it needed to continue running. Under pressure from bankers and the state and federal

governments, New York agreed to drastic budget cuts to meet its debt obligations, resulting in a significant loss of municipal jobs and services.[31] Afterward, city officials coalesced around the idea that its priority should be to reverse the corporate and human “exodus.”[32] When the creation of the Mayor’s Office of Economic Development was announced in 1976, publicity materials articulated a belief in the importance of private-sector economic activity above other elements of urban life. “Rarely recognized as such, economic development is as much an urban life support system as police and fire protection, medical care and education,” a brochure declared. “Indeed, it pays for all of them.”[33]

The Office of Economic Development was part of a broader effort to encourage investment in the city, particularly in finance, insurance, and real estate, which brought high-earning residents. Support for the arts was central to this wider economic strategy, with many arguing that the city’s flourishing arts scene could fuel economic growth. “We live in troubled times, surrounded by the problems of unemployment, discrimination, international tensions, and the need for better health, education, housing and economic security,” said Martin Segal, a businessman and influential arts booster who would go on to found NYIFA. “The arts and cultural life of our city are not apart from these problems; they can make a real contribution toward their solution.”[34] This idea was made official policy when the Department of Cultural Affairs (DCA) was severed from Parks and Recreation in 1976. DCA would focus on providing the operating costs of the city’s established museums and other cultural institutions—the kinds of places that appealed to elite New Yorkers and well-heeled tourists.

This represented a significant escalation in municipal support for arts and culture. Major federal and state investment in the arts had emerged at the height of American postwar affluence and was instrumental in nurturing New York’s art scene in the 1960s and 1970s.[35] But with the new DCA, municipal arts spending rose significantly, eventually all but negating the importance of state and federal arts funding in New York City.[36] Taking inflation into account, DCA funding more than doubled between 1980 and 1990, going from $27.2 million annually to $88.7 million—an amount representing over half the entire budget of the National Endowment for the Arts and tens of millions more than that of the New York State Council on the Arts (NYSCA).[37]

Although DCA appropriations were a relatively small slice of the municipal pie, their increase during the 1980s stands out when compared with other expenditures. Various agencies and services—among them municipal hospitals and City University—had their budgets decreased after 1975, in some cases dramatically, despite their long-standing role serving a wide range of New Yorkers. Other cuts reflected prioritization of “high arts” directed at moneyed consumers over cultural and educational activities geared toward a broader demographic. Expenditures for Parks and Recreation, whose remit was more oriented toward working-class residents than DCA, increased at a much slower rate of 39 percent over the 1980s, while the New York Public Library’s saw a slight decline.[38] And significantly, excepting a few magnet high schools, arts education in public schools was all but eliminated after 1975 and would only begin to recover in the 1990s with private help. These cuts hollowed out what had been a robust arts program, which included a dedicated bureau within the Department of Education and specialists assigned to each school district to oversee arts teaching.[39] Instead, after 1975, arts education often took the form of the occasional visit to a museum, where students could view art rather than make it.

Budgets bring real consequences but also carry symbolic weight. The end of free tuition at City University as part of its budget cuts, for example, made little difference to the municipal purse. Rather, it signaled to outside investors that New York was abandoning its “lifestyle” of profligate spending on social services.[40] And while the city continued to fund many social services throughout the 1980s, such as affordable housing, its post-fiscal crisis budgets reflected new emphasis on serving the private sector and wealthy residents.[41] At the same time, municipal expenditures in this period were increasingly framed in terms of their role in generating economic activity and tax revenues, either directly or indirectly.

City Hall was not only interested in attracting business to New York, it also needed people. New Yorkers themselves made the city run through their tax dollars. This was a period when New York was increasingly using various incentives to lure investment, yet the direct rewards to city coffers were minimal. As local taxes became increasingly crucial to the municipal budget between 1980 and 2000, the overall share of city tax revenue from business grew only slightly, from 11.8 to 14.7 percent, with tax abatements limiting revenues despite booming corporate profits. By comparison, the contribution from property taxes—often passed on to renters—remained relatively static, while the share from income taxes rose from 12.6 to 24.1 percent. This was due not to any major tax increase, but to population growth, particularly among high earners.[42]

The fact that DCA spending was only a small fraction of the city budget made it easier to justify, whereas social services, education, and big public works projects were necessarily more costly. Still, public arts funding was open to attack as a "frill" that benefited elites—as some readers contended when Martin Segal published an op-ed *Newsweek* in 1981 arguing against reductions in national arts funding. How could poor people be made to accept reduced social services if the government "continues to spend even one cent on subsidies to programs that clearly are preferred by the upper-middle class and the wealthy?" one reader asked in a letter to the editor. Others called arts funding a form of "snobbish special interest" and the arts "a plaything of the rich."[43]

While it might be challenging to defend public arts funding in a national forum, those doing so found a more receptive audience in New York, home to a disproportionate share of "snobbish" arts enthusiasts. New York mayor Ed Koch, whose tenure lasted from 1978 to 1989, would occasionally call for significant cuts to the DCA, but would ultimately back down under pressure from the city's arts benefactors. Elite New Yorkers were central to the campaign for municipal arts funding, a nominally apolitical cause that had the added benefit of amplifying the kinds of leisure activities they enjoyed. Segal was perhaps the city's most prominent arts booster in this period. A Russian-born Jewish immigrant, Segal made his fortune in human resources consulting and investment banking. After focusing his volunteer energies on the National Urban League and New York hospitals in the 1960s, Segal—in a move paralleling city government's retreat from broad social problems—landed on arts and culture as the issue to which he would dedicate most of his philanthropy. After serving as president of the Film Society of Lincoln Center, Segal was appointed by Mayor Abraham Beame to chair the Mayor's Committee on Cultural Policy, which recommended the creation of the DCA. Segal then became the founding chair of the Commission for Cultural Affairs (an independent advisory board for DCA), the Cultural Assistance Center (a research-focused nonprofit group aimed at augmenting city cultural policy), and, later, NYIFA.[44]

Men like Segal saw their influence over city policy increase after the fiscal crisis. Working at the behest of the city and state, New York's leading bankers and corporate chieftains helped formulate the budget cuts employed to address the city's financial woes. After 1975, they continued to hold various advisory roles to guide the city's business-friendly policies. Over the course of the 1980s, City Hall was filled with a growing cadre of technocratic experts and pro-business managers, many of whom began their careers in private sector rather than the local Democratic clubs that had dominated the city's older machine politics.[45]

Private-sector advocates for municipal arts funding were generally drawn from the same social ranks as those calling for cuts to social services. In addition to Segal, the original cohort of the Cultural Affairs Commission included other heavyweights from finance and related industries.[46] There was Richard Jenrette, whose "maverick" brokerage house was the first to go public in 1970; Robert Goelet, the scion of a New York real estate and banking family; Paul Leperq and Lee Elman, founders of real estate investment firms; and Howard Squadron, a lawyer for developers and media figures.[47] Like the Gilded Age bourgeoisie who Sven Beckert studies, the New Yorkers populating the Cultural Affairs Commission and the boards of the city's arts and culture institutions were a mix of old and new money.[48] Some, like Segal and Squadron, were

from immigrant families and had scrapped their way out of the working class. But they were united by a sense of stewardship over a city struggling to pull itself out of crisis and by the belief that they had solutions.

They also had more in common than wealth. They tended to be linked to banking and real estate, and the objects of their charitable activities were in many ways shaped by their particular class interests. Moreover, their commitment to the arts went beyond a desire to prop up the museums and other institutions they patronized. The real estate moguls and bankers who provided them capital shared a vision of a city tailored to white-collar workers. They were already helping to make this a reality by collaborating to hasten the decline of manufacturing in New York. Even before the fiscal crisis, banks and developers had joined together to expel factories from Lower Manhattan in favor of new development. They promoted the building of commercial offices to serve finance and professional services as well as the creation of new residential spaces to house their employees. Beginning in the 1960s, real estate lobbyists helped secure new zoning laws making it possible for artists to inhabit the lofts they worked in, facilitating the mass conversion of SoHo factories into residential properties that would eventually attract non-artists.[49] At the same time, the Downtown Lower Manhattan Association, headed by Chase Manhattan Bank chairman David Rockefeller, was working to rid Manhattan's southwestern tip of its warehouses and wholesale markets to pave the way for the luxury residential enclave of Battery Park City.[50]

By focusing on the cultural institutions frequented by high-earning consumers, municipal arts funding abetted the city's transition to a postindustrial economy based around finance and related professions. Those calling for increased attention to the arts after 1975 anticipated the acceleration of a demographic shift in which the city would attract a growing constituency of white-collar workers who would, in turn, flock to its museums, theaters, and art galleries. These "yuppies," as Dylan Gottlieb demonstrates, transformed the city's economy and culture, with yuppie leisure and consumption reinforcing shared class interests and helping to swell the ranks of the financial industry. Drawn to New York in large part by Wall Street firms that aggressively recruited Ivy League graduates with the promise of sophisticated urban life, yuppies made living in New York central to their identity. Unlike their parents, who fled the city after World War II, yuppies embraced New York as the antithesis of suburban blandness.[51]

Seizing on New York's yuppie appeal, arts advocates presented their cause as vital to the city's economic future, arguing that investment in the arts would yield high returns. It would not only benefit arts institutions but would also bolster other economic sectors through the "multiplier effect" by stimulating spending on dining, retail, real estate, and tourism. The report proposing the DCA claimed New York's arts and cultural resources were "an indispensable element in the city's economy," generating $3 billion in spending annually and contributing some $102 million in tax revenues. Moreover, beyond their direct economic effects, arts and culture were "vital in attracting business to New York and in keeping it here" and in "strengthening and stabilizing real estate development" by raising property values in neighborhoods around cultural institutions.[52]

This represented a significant rethinking on the function of the arts in society. A decade after the reinvention of New York's cultural policy, Segal reflected on the novelty of making the "nuts-and-bolts connection" between the arts and economic growth, claiming, "No one had looked at the arts as anything but an aesthetic experience."[53] Exemplifying this shift, the "nuts-and bolts" language in the DCA proposal contrasted sharply to that used to justify the establishment of the New York State Council on the Arts—a pioneer in public arts funding that led to the founding of the National Endowment for the Arts in 1965. When NYSCA was created in 1960, its mission was to ensure that cultural institutions would "give the artistic impulses of our society a vital and continuing expression."[54] Fifteen years later, in a very different economy, such idealistic rhetoric had ceded to market discourse that understood the value of arts and culture in terms of their ability to make money.

The post-fiscal crisis view of the role of arts and culture in the city was also a far cry from that of the Gilded Age and Progressive Era, when New York's cultural institutions were intended to serve a didactic purpose for city denizens: as spaces of moral uplift and aesthetic education, and, later, cultural democracy.[55] The raft of museums, libraries, theaters, and parks founded after the Civil War resulted from the explosive growth of industrial capitalism, which created a new class of wealthy philanthropists and bourgeois cultural consumers. But they were often viewed as separate from the rest of the urban economy and a refuge from capitalism's ills.

Philanthropy spurred public support for the arts. Throughout the twentieth century public arts funding in New York and other U.S. cities would be used to promote both cultural recreation and civic boosterism. The Municipal Art Commission of Los Angeles, for example, was founded in 1903 as a quasi-public committee with a mission to oversee the aesthetic aspects of city planning and market the city as a hub of culture to help attract new residents and tourists.[56] During the Great Depression, New Deal arts funding produced a flourishing of cultural production in cities across the United States. Much of the art created in that period was populist in both content and display—images of urban workers were exhibited as public murals and pro-labor theater performances were offered for free—and created with the explicit goals of providing artists with an income and fostering civic solidarity.[57] Municipal arts policy after World War II was often couched in decidedly less social democratic terms—as part of urban renewal projects that relied on "slum clearance" to make way for middle-class neighborhoods. (The creation of Lincoln Center in the 1950s and 1960s was a representative, and particularly ruthless, example.)

In New York in the 1980s, however, arts boosters all too often applied an explicitly capitalist logic to the role of urban arts and culture: as a lure to white collar professionals and their employers. Of secondary importance was whether the arts served city residents more broadly, beyond enhancing municipal coffers. This fixation on white-collar cultural consumers drew on the discourse of postwar urban renewal, which celebrated middle-class residents as the backbone of the municipal revenue base. But 1980s arts policy was more thoroughly instrumentalist, and more elitist. Whereas Lincoln Center was said to provide social and "spiritual" benefits to all New Yorkers, discussions of arts and culture in 1980s New York were increasingly vacated of such lofty rhetoric.[58] Moreover, beginning with the New Deal and through the 1960s, public arts funding had existed within a growing matrix of social welfare initiatives. By the 1980s, welfare was under attack, both in New York and nationally. The dissonance between reductions in social services and the rise in municipal arts funding in 1980s New York spoke to this shift in political priorities. At the same time, the nakedly economic argument for the arts in New York fed into the Reagan-era obsession with cost-benefit analyses of government spending, thereby helping legitimize what might seem to be a frivolous expenditure when so many other areas of public life were being eroded by austerity. For wealthy arts patrons who advocated fiercely for public funding for the cultural institutions they cherished, there was nothing hypocritical about arts expenditures in the context of broader budget cuts. At a time when social spending was blamed for the city's economic downturn, arts funding was framed in opposing terms: as good—and obvious—economic sense. As Martin Segal argued at the height of the fiscal crisis in 1975, cultural institutions were "accepted by everyone as being absolutely essential for the economic well-being of our city."[59]

Indeed, this idea was shared by many in the business world. According to a Cultural Assistance Center report in 1980, corporate leaders were newly aware "of the role of the arts in attracting and keeping employees, in stimulating local economies, and enhancing the social and economic environment that enables business to prosper."[60] George Weissman, vice-chairman of Philip Morris, reported that, after considering moving its headquarters to another location, the tobacco giant chose to remain in New York because of "the excitement and creativity the arts spark and infuse, not only in our city life, but in our corporate life as well." Similarly, American Express chairman Howard Clark claimed that New York's status as "the center of art and commerce" was the motivating factor in the company's decision to stay and build a new headquarters in the city.[61]

Unsurprisingly, given the targeted consumers of the new cultural policy, the institutions supported by DCA disproportionately served affluent Manhattanites and tourists. While Manhattan—the city's third largest borough—was home to nine DCA-subsidized organizations, the other four boroughs had five or six each. And the institution that consistently received the most funding was the Metropolitan Museum of Art, among the city's most popular attractions and located on the Upper East Side, one of the richest neighborhoods in the world. In 1986, funding for the Met constituted nearly 20 percent of the entire DCA budget.[62] Meanwhile, museum visitors "skewed toward the higher income brackets," according to a 1983 report, which found that one-third had household incomes of $25,000 to $49,00 and another third earned $50,000 (equivalent to over $130,000 in 2020 dollars) or more.[63]

This bias toward elite, overwhelmingly white, institutions like the Met is especially notable when considering that it coexisted with policies that criminalized or undermined cultural expression among New York's marginalized communities. Rising rents for lofts and noise complaints from affluent new neighbors helped drive out the underground jazz concerts and discos in Lower Manhattan that had served as havens for LGBT people and working-class people of color.[64] More conspicuously, during the 1970s, the city launched a "war on graffiti" that cost hundreds of millions of dollars and led to mass arrests of graffiti writers, mainly black and Latinx youth, along with the destruction of their work.[65] Even as New York graffiti gained worldwide recognition for its artistry, the artists' subversive claims on public space threatened the city's official business-friendly image, wherein legitimate art was associated with the rarefied spaces of auction houses, museums, galleries, and private homes.

The Death Grip of Art and Finance

Municipal funding for arts and culture helped propel broader transformations within the city's arts scene over the course of the 1980s: notably the growth of private arts patronage, the art market boom, and a new culture of conspicuous consumption around buying and selling art.[66] The private arts sector did not supplant its public counterpart, however, but instead bolstered the structural and discursive frameworks established by the work of the DCA. By putting substantial official muscle behind the idea of New York as a global cultural capital, and by explicitly linking arts and culture with the expansion of the white-collar economy, municipal arts funding promoted the hyper-commodification of the city's arts and culture—wherein art was instrumentalized to serve the material and social interests of New York's growing capitalist class.

By the late 1970s, many of the city's white-collar businesses were coming to embrace arts patronage as key to their public relations strategy. By 1980, according to the Cultural Assistance Center, corporate support was "the major growth sector for arts funding."[67] With the city covering the basic running costs of major cultural institutions, businesses could burnish their image by sponsoring particular exhibits and through attendance at high-profile fundraisers. In an early example of the deepening bond between the city and corporate arts benefactors, in 1976 the conglomerate Gulf + Western purchased 2 Columbus Circle—colloquially referred to as the "Lollipop Building"—as a gift for the DCA to use as its headquarters.[68] According to the Cultural Assistance Center, such gestures, and other forms of corporate arts sponsorship, were often done out of "self-interest," to "improve corporations' public standing." Philip Morris, for instance, was a longtime proponent of the notion that corporate arts patronage was good business—undoubtedly driven by the belief that it would help launder its reputation as a purveyor of "cancer sticks."[69]

Corporate-sponsored cultural events became venues for business meetings, where performing one's urbanity was part of dealmaking. "Nowadays," according to *Crain's New York Business* in 1987, "the chic place for corporate leaders to meet is at a party celebrating the opening of an avant-garde theater piece calling for a stage to be slathered in mud."[70] Similarly, a Cultural

Assistance Center report in 1982 pointed to Citibank's sponsorship of the New York Philharmonic's tour of Europe in 1980 as an example of how corporate underwriting could generate new business. Bank leadership traveled with the orchestra and enjoyed a series of concert-related cocktail parties, dinners, and other events at which they liaised with potential clients, officials, and other prominent local figures.[71] "You acquire a certain amount of dignity when you get associated with a first-class cultural institution," said one Citibank executive in praise of the tour.[72] Citibank credited it with "having bolstered relations with current customers, developed future prospects, and improved the bank's international standing," so much so that it funded the Philharmonic's Mexico tour a year later.[73] As New York–based banks and other corporations were increasingly cultivating foreign markets and investors, their relationships with world-renowned institutions like the Philharmonic could be used to facilitate new business connections as well as inflate their stature as "dignified" business partners.

With the spectacular growth of New York's art market, art and commerce were growing more tightly enmeshed in other ways. New York had taken over Paris as the preeminent city for art production after World War II, when it became the capital of modern art. But it was in the 1980s that New York emerged as the world's leading center for buying and selling artwork.[74] The art market grew in parallel with the rise of finance and served as an outlet for the excess capital generated on Wall Street. One reason for finance professionals' embrace of art was a growing belief that art was a good investment. This idea had its origins in the late 1970s, when depreciation of the dollar—and rising global financial instability—led investors to turn to art collecting as a hedge against inflation. According to *New York Times* in 1979, investors were coming to see art as "virtually on a par with gold in its escalating value."[75] At the same time, a weak dollar lured foreign buyers to New York's art market. Soon, banks like Chase and Citibank were actively encouraging art buying through dedicated investment funds and lending and advisory services.[76]

Turning art into an investment vehicle devalued its purpose as an object to be seen, discussed, and enjoyed. For instance, if U.S. art collectors wanted to claim tax write-offs for art-related expenses, such as insurance, artworks would need to be kept in storage to ensure their only function was as an investment piece.[77] The rise in financial advisers specializing in art suggests that numerous collectors did in fact buy art purely for investment purposes. But the financialization of art does not fully explain the art mania of the 1980s. For one, collecting was both time-intensive and risky, which the financial press made clear. It depended on a very different kind of expertise than stock trading, acquired by visiting museums, galleries, and auction houses, and by learning who the "up-and-comers" were through proximity to artists themselves. As *Forbes* warned its readers in 1980, the notion that art was "something [collectors] can live off should times get hard" was an "unlikely prospect." Art was a not a particularly smart hedge against inflation since, unlike gold, it "cannot usually be traded for potatoes during a first-class crisis."[78] And art prices are especially unpredictable. As a general rule, profiting off art collecting involves a high-stakes guessing game: you need to purchase it at a low price, before the artist becomes famous—or before a famous work peaks in value.

Art investing was part of the late twentieth-century movement to financialize everything and anything. Yet art can never be fully commodified for either the buyer or seller. The corporality of art, its highly subjective value, and its association with physical place and local context—whether the Upper East Side auction house where art is sold, the SoHo loft whose walls it adorns, or the intangible quality associated with artwork produced in New York—means that it cannot be reduced to an abstract commodity, broken into smaller tradable shares. Its monetary value is conditioned on its uniqueness, or what Walter Benjamin called the "aura" of original art. Moreover, all evidence suggests that many art collectors in the 1980s, if not most, were indeed buying art for the purposes of showcasing it in their homes and businesses, to signify their hipness to the New York art scene, not locking it away from admiring eyes so that it could be claimed as a deduction on a tax return.

Art thus came to be viewed as a form of cultural capital—both for corporations and for the white-collar professionals expanding the ranks of the city's nouveaux riches. *New York* magazine, in a cover story on the art buying "frenzy" in the mid-1980s, attributed the trend to a "new breed of art collector, a modern-day Lucullus who has made a fortune in real estate, communications, or corporate takeovers." In the 1987 film *Wall Street*, this "new breed" of buyer was represented by Bud Fox, a hungry junior broker who immediately purchases several contemporary paintings for his new Upper East Side apartment as soon as he wins his first big commission. Buying art was a blaring signal of success in the new economy. As *New York* described it, "The young developer or arbitrageur who makes his first million hires a chauffeur and an art adviser and makes tracks for [the galleries of] Richard Feigen or William Acquavella or Leo Castelli."[79]

As art became a new form of social and material currency in 1980s New York, the auction house emerged as the center of its exchange—a space where art, money, and power coalesced in theatrical fashion. If the city's downtown galleries were the central force shaping the art market in the 1970s, in the 1980s they found themselves increasingly in competition with uptown auction houses, whose overtly capitalist atmosphere echoed the mood of the trading floor. By 1983, sales brokered by New York's two major auction houses—outposts of the British firms Sotheby's and Christie's—had eclipsed those of their London counterparts.[80] They continued to expand their operations, in the process becoming more embedded in finance and finance culture, by offering loans and venturing into luxury real estate.

Auctions became sites of class formation. Auction houses had once been staid and stuffy spaces—"the refuge of a tiny group of professionals who sat in silence, barely moving an eyelid." An early exception to this rule was the infamous Scull auction of 1973, in which collectors Robert and Ethel Scull sold dozens of artworks to the tune of $2.2 million—drawing great fanfare and the ire of many in the art world, who accused the couple of "profiteering."[81] By the 1980s, auctions offered unapologetic spectacles of Wall Street decadence, serving as "gambling room, vanity parade and surrogate stock market, with overtones of bullring, prize ring, cockfight, dogfight and man fight," where "the collective unconscious of the newly moneyed world [came] out of hiding and every last instinct of greed and cupidity and ostentation was let loose."[82]

During the Gilded Age, auctions served as stages for the "performances of elite taste and status" among New York's capitalist class.[83] Auctions in the 1980s also promised to bestow respect and sophistication on buyers, but they took on a different valence in the context of New York's finance-based economy. New York's upper class was undergoing profound change in this period. Younger blue bloods were shedding many of the pretenses of previous generations—the Junior League, the *Social Register*, debutante balls—and seeking a less cloistered life, leading to what Clifton Hood calls a "purge of entrenched values."[84] Meanwhile, many of New York's newly affluent had grown up in middle- and working-class ethnic communities, having only recently been admitted in large numbers into the kinds of elite colleges that served as pipelines to Wall Street.[85] Against this background, inherited wealth was increasingly seen as illegitimate, or at least not something to be proud of. Instead, one's bank account should reflect individual gumption and hard work. In the context of this supposed meritocracy, the marker of upper-class status was based less on lineage, traditional notions of refinement, or practices of social gatekeeping. Rather, class was more directly linked to material wealth and what it could buy.

Not all expressions of conspicuous consumption were equal, however, and it remained crucial to showcase wealth and taste. Fine art did both—it was expensive and indicated discernment. To ensure that they were telegraphing the right self-presentation, novice collectors often sought an education in what constituted "good art." For businessman Eddy Nicholson, who spearheaded the leveraged buyout trend, his "lower-middle-class" upbringing in small-town Texas did not prepare him for the world of high-priced auctions and big-city aesthetes. His foray into collecting began when, after getting rich, "a European gentleman" came to Nicolson's house for cocktails

and informed him that "A man of your position ought to have real paintings on the wall." Nicholson attended his first auction in 1980—where he was "so nervous, I had to get the man next to me to fill out the card"—and by 1986 had purchased multiple million-dollar pieces and had two art advisers on retainer.[86] (He went on to become a prominent collector, credited by a Christie's executive with "democratizing" the auction house because of his enthusiastic brandishing of a paddle.)[87]

As the art market grew, a rash of advisers and consultants emerged to offer guidance on how to assemble a polished and valuable collection. The demands for such services stemmed in large part from anxiety among new collectors that they lacked the requisite training for connoisseurship—an anxiety that advisers and other art world figures did much to foment. Art experts frequently bemoaned the fact that people were buying art for the "wrong reasons." Thomas Hoving, the former director of the Met, complained in 1986 that too many collectors were in the game for "prestige and social climbing."[88] Art dealer Peter Schaffer expressed offense at the idea of treating art as a commodity akin to "pork belly or wheat."[89] Those who did so were "missing the true 'return on their investment' that art has to offer, which is pleasure."[90] Moreover, according to art critic Hilton Kramer, the worldwide mania over art buying was producing "an immense quantity of bad art."[91] Even those who promoted art as an investment vehicle warned that ill-informed buyers were poised to lose money on "bad art." Collecting was not for the faint of heart.

This collective pearl-clutching promoted the idea that admission into the world of art buying demanded a special set of skills, disposition, and knowledge. Of course, the high bar for acceptance as a serious collector only fueled the kind of prestige chasing that Hoving railed against. As one commentator put it, "the idea of being a collector positively reeks with respectability, status, and just plain class."[92] At the same time, the status that accompanied art buying did become more accessible over the course of the 1980s. Whereas collecting was once the province of a small group of old money elites, by the end of the decade the dominant players were "people with $100 million you had never heard of ten years ago." Meanwhile, auction houses were dramatically increasing their customer base through aggressive advertising and by enlarging their physical spaces. In 1988—in an indication of what some in the auction world called the "democratization" of the art market—the average lot went for $11,000 at Sotheby's and $7000 at Christie's.[93]

Another sign of the broadening of the art market was a new focus on contemporary art. In contrast to the serene landscapes and portraits favored by patrician collectors, much of this new art evinced a maximalist, insurgent aesthetic that made Jackson Pollock look conservative. These were paintings that "physically assault space," and purchased by buyers looking to demonstrate "proof of up-to-the-minute taste." During the 1980s, New York artists such as Julian Schnabel and Jean-Michel Basquiat rose to global renown with Neo-Expressionist works that rejected the Minimalist movement of the previous decade and that referenced the chaos of urban life. Basquiat, who started as a graffiti artist (much like Keith Haring, another fixture of the 1980s art scene), produced "raw and edgy" paintings that seemed well-suited to "the reclaimed lofts or gentrified houses in which so many upper-middle class urbanites now live."[94]

Those paintings also had global appeal. In 1981, Basquiat was recruited by Italian gallerist Emilio Mazzoli to travel to Modena, where he had his first one-man show, earning him $100,000 (which U.S. authorities assumed was drug money when Basquiat returned to New York with wads of cash hidden in his Armani suit).[95] One of the works he sold in Modena, aptly titled "New York, New York," depicts a jumbled but vibrant cityscape, embodying Basquiat's self-described endeavor to "paint like the Lower East Side and what it was like to live there."[96]

These young artists also helped change the way art was marketed, with a select few of them achieving new heights of wealth and celebrity, and doing so at warp speed. Basquiat went from being homeless to an international art star (and dating Madonna) within a few years. After making his first sales and under pressure from his gallerist—who sent troops of collectors to his basement studio to watch him work—he began churning out paintings at a pace so feverish that

observers joked "the paint was barely dry" before his canvasses were shipped off to collectors around the United States and Europe.[97] Known for large-scale paintings on velvet that incorporated broken plates, Schnabel in particular is identified with pioneering a newly vigorous strategy of self-promotion. Working with gallerist Mary Boone, he roared onto the New York art scene by running multiple solo exhibitions a year and asking ever-more audacious prices that, only five years after his first New York show, had reached $50,000 to $65,000 apiece. Basquiat's and Schnabel's runaway success stood in stark contrast to the fate of many artists only a few decades earlier, when new art was "virtually unsaleable."[98] As the New York art market ignited, Basquiat, Schnabel, and their peers received flak from older artists, who saw "fame and fortune" as antithetical to the production of serious art. "There is a duality with these guys," according to painter Robert Moskowitz, who came up in the 1960s. "On the one hand, they are very involved with bohemianism; on the other they are very involved with Wall Street." George McNeil, who had been painting since the 1930s, criticized of the "air of opportunism" in the art world, while even younger artists like Robert Longo—who applauded the fact that some artists could now make a decent living—complained that too many artists "get together now and just talk about business."[99]

Even if the art market was becoming less snobbish in some ways, it was not characterized by an ethos of democracy. Rather, as the costs of entry (both material and otherwise) continued to be out of reach for those without wealth—and the newly wealthy continued to be mostly white and male—it remained an exclusive arena that helped to define the class boundaries of the new financial economy. These boundaries were formulated in large part by the finance industry itself, which used art to fashion employees into urbane sophisticates. Corporations, particularly banks, emerged as major art collectors in the 1980s. According to the Business Committee for the Arts, by 1985 an estimated 1,000 U.S. companies had permanent collections, with some 200 established in the previous two years alone.[100] By the end of the decade, corporations were spending $1 billion on art annually.[101] As with some individual collections, corporate collecting could be a form of investment. More importantly, art, as a visible "measure of the company's success," was an assertion of corporate legitimacy and financial stability.[102] It also signified a company culture that valued a certain kind of self-presentation—educated, canny, even a bit cynical—among both employees and clients. As one bank's art advisor explained, displaying art in its corporate offices was "a wonderful reaffirmation" to everyone who worked in or visited them "that the bank thinks they're intelligent people."[103]

Proponents of corporate collecting claimed that displaying "serious art" on company walls would have a similarly positive effect on personnel recruitment and development as locating corporate offices in a city brimming with arts and culture. As explained by Donald Marron, president of the investment bank Paine Webber, "If you want the best people, you have to create an environment that's not purely business."[104] Such arguments suggested not only that art would help attract the "best people" but that it could also help mold them, and that employees should be honing their aesthetic taste alongside their business acumen. This was the explicit "corporate cultural policy" of Chase Manhattan Bank, which boasted one of the oldest and largest corporate art collections. By 1985, it was appraised at more than $14 million and consisted of over 10,000 artworks, including many by Haring, Basquiat, and other contemporary New York artists.[105] Beyond functioning as décor, and a showcase of Chase's earning capacity, the collection served a didactic function, with Chase's designated art director taking executives on gallery tours to make them more "comfortable" with the works displayed in their offices.[106]

In the art-lined corridors of New York banks and investment houses, aesthetic appreciation and business savvy were said to go together. Decades before ping pong tables and similar whimsies became ubiquitous in Silicon Valley offices, New York firms were using art to "send a message . . . that creative, unconventional thinking is valued in the workplace."[107] That message aligned with Wall Street's new emphasis on innovation, as deregulation and increased global

competition led to a search for new financial products, along with the kinds of employees with a knack for inventing them. How creative these financial instruments were is questionable; many were simply variations on securitized debt. But Wall Street's self-styled reputation in the 1980s as a bastion of "unconventional thinking," supposedly made manifest by the art on office walls, helped popularize the idea that it was a "glamorous" place to work.[108]

Meanwhile, finance culture was increasingly global in the 1980s, and New York's art market was a major vehicle for its production. Advances in technology made it easier to participate in auctions from abroad. New York's dominance of the art world helped make artwork one of the top 35 U.S. exports to both Europe and Japan in the 1980s, totaling over $801.7 million annually by 1989. At the same time, by the late 1980s, European art was among the top 35 U.S. imports.[109] In addition to the promotional efforts of the city's art boosters, the relative lack of regulation of the U.S. art market—as well as a comparatively casual attitude toward cultural heritage—helped drive both buyers and sellers to New York. Unlike European countries, the United States did not impose tariffs on original imported art; this was a policy that went back to the early twentieth century, in an earlier moment of globalization, when American artists in Europe and U.S. dealers and collectors lobbied to overturn existing import duties.[110] Further diminishing the appeal of European markets was the fact that European governments often prevented art exports, sometimes through last-minute interference in auctions, as part of cultural patrimony programs aimed at keeping masterworks within national borders.[111]

The globalization of the New York art market was most intense at its high end, "where Swedish real estate tycoons and Japanese insurance companies slug it out for possession of the best of van Gogh, Picasso and Jasper Johns."[112] The ease of global art buying in New York helped drive up prices to unprecedented levels: in one record-smashing week in November 1988, the New York branches of Sotheby's and Christie's sold an astounding 1,104 pieces of art for a grand total of $443 million, leading one collector to compare it to "the megadeal leveraged buyout craze."[113] Many of the most legendary sales—such as Van Gogh's "Irises" fetching a groundbreaking $53.9 million in 1987—were made in New York to buyers from abroad.[114]

As with New York real estate, Japanese buyers, flush with cash from Japan's export industry, became the biggest foreign players in the New York art market. In Japan, as described by art dealer Keisuke Watanabe, Western artworks, particularly Impressionist paintings, were "symbols of prestige." Increased interactions between Japanese and American businessmen helped fuel Japanese demand for art. According to Watanabe, Japanese businessmen, upon seeing the executive offices of American companies, "say, 'Our president's office is not as beautiful.' Then, they think, 'Okay, we have the money, we'll buy a painting by a famous artist.' They want to be international."[115] Increasingly, Japanese collectors' conception of the "international" came to resemble the view from New York, where contemporary American art was becoming a more powerful signifier of a collector's sophistication (even if Impressionist price tags connoted greater wealth). This shift was due in part to the work of art advisors, who helped educate Japanese buyers on the latest New York trends. According to one advisor, Ikkan Sanada, it was his job to actively "change the taste" of his Japanese clients by urging them to buy contemporary American art.[116] Meanwhile, for Japanese firms with New York subsidiaries, displaying of American art was one way to signal their eagerness to do business in the United States, as when the chairman of Daiwa Securities insisted in 1986 that "I want to see only American paintings" the next time he visited the New York office.[117]

Becoming the World's Cultural Capital

The arts also provided an opportunity for New York itself to assert its stature to an outside audience. Whereas in the 1970s art boosters had used somewhat restrained language in characterizing New York as "one of the world's great artistic and cultural centers" or "the hub of the nation's cultural

growth," by the end of the 1980s, they were referring to New York in more fulsome terms—as "the undisputed cultural center of the world" and the "hub of international culture."[118] The New York International Festival of the Arts, first held in 1988, aimed to cement the city's "undisputed" claim to global cultural supremacy. Boasting some 1,000 performances in 55 venues and representing 30 countries, NYIFA was billed as "the most extraordinary and largest festival in the world."[119] Participants included the Yinchuan Beijing Opera Troupe, the Frankfurt Ballet, and the Japanese candy sculptor Masaji Terasawa.[120] Like DCA funding, NYIFA was also said to generate significant income for the city: over $294 million in spending and $36 million in tax revenues.[121]

That NYIFA and the DCA made similar economic arguments is no surprise, given that Martin Segal was the festival's founder. Segal's long-standing advocacy for municipal arts funding and the work of the DCA also helped create the broader conditions for NYIFA. Segal had been trying to get NYIFA off the ground since the mid-1970s, but it took more than a decade for him to amass the resources and support needed for such an ambitious undertaking. By the late 1980s, however, the DCA and the city's arts boosters had popularized the notion that arts and culture were central to the New York economy, and NYIFA was able to garner some $10 million in private donations.

But while the DCA targeted city residents and tourists as cultural consumers, NYIFA was more explicitly externally oriented. The vast majority of events were ticketed, with prices that would have excluded New Yorkers without disposable incomes. Meanwhile, planners expected that 30 percent of attendees would be foreign and another 30 percent would be U.S. tourists.[122] To that end, American Express, the event's primary sponsor, "vigorously promoted" NYIFA in the United States and fifty-seven other countries—an effort aimed not only at securing attendance but also at broadcasting the message to foreign audiences that New York was *the* world capital of culture.[123]

New York–based corporations were urged to use the festival as a business opportunity, by inviting foreign clients to visit during the event or by sponsoring artists "from countries where they have significant interests."[124] Indeed, New York's private sector did have "significant interest" in courting global business in the 1980s, and the city was growing increasingly reliant on foreign money to fuel local economic growth. The planning period for NYIFA coincided with an unprecedented surge in foreign direct investment in New York. While investment from abroad had averaged $900 million between 1974 and 1985, it jumped to some $8 billion annually between 1986 and 1989—an era defined by the "megadeal" of foreign investment transactions of $500 million or more.[125]

Even though the festival was touted as promoting intercultural cooperation, it was also fundamentally shaped by the logic of global economic competition. While NYIFA publicity materials insisted on New York's long-standing status as the world's cultural capital, in private correspondence Segal worried that New York might "take its excellent reputation in the arts for granted."[126]Similarly, Tony Micocci, executive director of the City Center theater—founded by Mayor Fiorello La Guardia in 1943 as "The People's Theater"—said the festival came at "a challenging time for New York." While a weak dollar encouraged foreign investment in the city, it also made it "hard to make major artistic statements in the international arena" because the pay offered to foreign artists was "a joke." At the same time, other cities were rising in artistic preeminence, particularly in the realm of dance—a traditional strength in New York—and were "eager to take over the role of dance capital of the world."[127]

Festival critics wondered why New York had any reason to see itself in competition with other cities. Although ads billed it as "the greatest celebration of the 20th century," NYIFA "feels more like a bar mitzvah for a 34-year-old man," wrote Leslie Savin in the *Village Voice*.[128] The whole affair seemed "a wee bit defensive: Great cities usually don't give big festivals; great festivals tend to be products of small cities . . . that need the tourism, the identity, the cultural validation." *Newsday*'s Linda Winer mocked the size of the NYIFA press pack as "the biggest, heaviest, most

overwhelming book *ever* distributed to the press to publicize a cultural event in the history of marketing."[129]

Such critiques were right to suggest that festival promotion, and NYIFA itself, exuded a whiff of desperation. Yet they overlooked NYIFA's broader mission as a form of propaganda not just for New York arts but for the city as a whole: as a good town to do business in and an exciting place to live for wealthy residents. They also failed to appreciate organizers' concerns over how heightened global competition might undermine New York's status as the preeminent cultural capital. Speaking to NYIFA's promotional emphasis, of its nearly $10 million budget, 20 percent was devoted to marketing and public relations. This far surpassed the share devoted to promotion for other major festivals, such as Edinburgh (10%) and Spoleto USA in Charleston (14%).[130]

NYIFA also played a more strategic role in strengthening the relationship between the arts and business in New York. It was entirely privately funded, with corporate donations constituting the bulk of NYIFA's budget. Its founding sponsor, American Express, handed over an initial $3 million, for which it received "preeminent recognition" in NYIFA's public communications.[131] Other sponsors included Chase, the Hearst Corporation, and Pan American airlines.[132] While municipal arts funding continued to increase over the next decades, it did so alongside the growth of corporate sponsorship. To some extent, this spoke to the volatility of public arts funding, especially at the state and federal levels (and in isolated years the DCA was also subject to recessionary pressures). But, perhaps more significantly, it represented the further entwinement of the arts and capital, as evidenced by Martin Segal's ability to move seamlessly between the worlds of public arts funding and private patronage. Cultural institutions became ever-more dependent on private donors—especially as the art market inflated prices and placed more artwork in private hands. Corporations, in turn, relied on the arts to promote both their own image and that of New York to potential employees and clients worldwide.

Indeed, corporate benefactors seem to have gained more than those working in the arts and culture industry. Despite the full-throated claims of its boosters, the arts were not an engine of wide-scale economic growth, at least not when it came to arts sector jobs. Employment in the arts actually *decreased* in the 1980s. According to a report promoting public support for the arts in New York, between 1982 and 1992 there was a 14 percent increase in "total economic activity in the arts" but an 8 percent decline in jobs. Theater and film jobs were hardest hit. Nonprofit cultural institutions did see employment growth, but mainly in part-time positions. At the same time, many artists were fleeing New York. The population of employed artists went from around 97,000 in 1982 to some 114,000 in 1992, with writers, designers, photographers, actors, and architects still migrating to the city. But dancers, musicians, and fine artists—those responsible for the city's reputation as the arts capital of the world—were leaving, likely due to the skyrocketing housing market.[133] Even many well-known fine artists were struggling to make money as collectors honed the strategy of snapping up promising art at a low price and capturing any resale profits.[134]

Meanwhile, by the early 1990s, officials were concerned about the negative effects of a cultural policy focused on elites. Although New York cultural institutions had long been Eurocentric, they "must now learn to engage non-white or newly immigrant populations who currently do not visit their facilities in sufficient numbers," a DCA report declared in 1993. It called for better arts education for the children of these growing communities, but not in the form of hands-on art instruction; rather, the emphasis was on cultivating students as cultural consumers—by providing them access to museums, theater performances, and the like—so that institutions could "secure a future base of earned income in the form of tickets sold or admission fees."[135] The situation has changed little in intervening years. Since the fiscal crisis, most schoolchildren in the world's "cultural capital" have had little access to arts education. In 2014, the City Comptroller found that many city schools were in violation of state requirements for arts instruction, with 28 percent of them lacking even a single arts teacher.[136]

It is ultimately impossible to quantify the contribution of New York's arts and culture industries to the city's economic recovery. Yet the nature of their evolution helped shape the city that would emerge from the fiscal crisis. New York has long been a magnet for art and artists, but in the late twentieth century, the arts took on new purpose as city officials, along with private benefactors and buyers, worked together to harness artistic expression in service of the neoliberal city. New York's mostly poor and working-class residents, and even artists themselves, reaped limited rewards from the broader transformation of the urban economy that aided the city's artistic revival. Indeed, they were never the intended beneficiaries.

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